



# Testimony of John P. Mitchell Deputy Director United States Mint Before the House Government Reform Committee

June 21, 2001

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## *Federal Information Technology Modernization: Assessing Compliance with the Government Paperwork Elimination Act*

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Chairman Burton, Mr. Waxman, members of the Committee, thank you for inviting me here today to discuss the incredible technological advancements the United States Mint has made over the past few years.

The keys to our success over the past few years have been a commitment to excellence and customer service; committed and aggressive leadership; implementation of innovative ideas and risk-taking; and the ability to set “stretch” goals — objectives that may not be easy to reach, but can move the organization forward and motivate employees to embrace change. The U.S. Mint has proven that the federal government can employ these values to become the best in business by using information technology.

Our employment of information technology not only enables us to achieve our strategic vision and goals, it drives cultural change... allows us to work across organizational lines... unites and integrates functions... increases employees’ accessibility to quality, real-time data on-line thereby eliminating paper, and most importantly, enables employees to use this state-of-the art technology to provide world-class service to our customers: the American people. This is the goal throughout the Treasury Department.

In the early 1990s, the U.S. Mint was still reconciling its books using pencil and paper. Our few computer systems at our facilities across the country could not “talk” to one another. As a result, it would take eight months to close out the year-end books; it took untold hours to determine an accurate account of the coins in our inventory; only two employees had access to the little automated data we did have; and we couldn’t tell our customers when their orders would be delivered. Until 1998, the Mint had never implemented an integrated system of any kind. Based on what leading public and private sector businesses were doing, the Mint was far behind the times.

### COINS

By the mid-1990s, the leadership of the U.S. Mint made a commitment to make the agency the best in business across the board. We also embraced the objectives of the Government Performance Results Act (GPRA) and the Government Paperwork Elimination Act (GPEA). To achieve that goal the agency invested \$40 million in new technologies, with projected savings of \$80 million. In October 1998, the Mint-wide Consolidated Information System (COINS 1.0) went on-line. The first Enterprise Resource Planning system (ERP) in the federal sector, COINS integrated 15 PeopleSoft modules plus the software from three different vendors in manufacturing, finance, marketing, and customer service data to ensure accurate, timely information for strategic and operational decisions. Our rapid implementation of the entire system took only 12 months. A mail order and cataloging module tied sales to inventory and shipping. Maintenance is monitored at each plant via our Computerized Maintenance Management System (Maximo). Modules in finance and budgeting expanded our analytical abilities and assured Y2K compliance. For the first time, employees and managers across the Mint had direct access online to accurate data about customers, costs, production, promotions, inventory, sales, and profits. All of the information is available electronically on a secured network; thereby reducing the amount of paper generated Mint-wide. Service representatives now could tell customers the status of orders. Just as important, in FY 1999, the Mint’s accountants were closing the books within 10 business days of months’ end with accurate information, a very real improvement from closing the books in up to 90 days quarterly as was the case prior to COINS. Furthermore under COINS, for the first time, the yearly inventory records were turned over to auditors by noon on the first day of the new fiscal year (October 1, 1999). In addition, all of the Federal Managers Financial Integrity Act (FMFIA) and Federal Financial Management Improvement Act (FFMIA) material weaknesses that the Mint had encountered prior to COINS were eliminated. We continue to have no material weaknesses. This year, we are celebrating our **seventh** consecutive clean audit opinion. None of this would have been possible without utilizing information technology to achieve our strategic goals.

The implementation of COINS also laid the foundation for the Mint's e-retail efforts. Although the Mint launched its modest public information website in December 1998, customers couldn't place an order online. In April 1999, the Mint's online catalog made its public debut and offered secure Internet ordering. Since then, the Mint has marked some record-setting online events:

- May 1999 — The Mint records first month of \$1 million in Internet sales
- July 12-17, 1999 — First \$1 million week
- October 18, 1999 — First \$1 million sales day (by 10:35 a.m. EDT)
- April 3, 2000 — Million Dollar hour

Last year, the \$156 million in revenues generated by orders on the Mint's website earned the agency a ranking among the Top 25 Internet retailers according to Stores Magazine (published by the National Retail Federation). An array of products, including American Eagle Proof coins and commemoratives — the American Buffalo commemorative coins, for example — are available through our web catalog. They have been very popular with collectors who can instantly order any of our products and choose among a number of options including overnight/next day delivery. These options are available thanks to an innovative partnership with the U.S. Postal Service that not only expedites the shipping of product to our customers; it saves the Mint millions of dollars each year.

Other products that are featured on the Mint's website include the 50 State Quarters and the Golden Dollar. More than 125 million American adults are collecting the state quarters from their pocket change. More than one-third of those 125 million are collecting 25 or more of each state design. The record number of quarters produced since January 1999 attests to their popularity. In 1998 the Mint made 1.6 billion quarters, but in 1999 — the first year of the program — it made 4.4 billion. In 2000, 6.2 billion were struck to meet demand. The American public also has embraced the Golden Dollar — one billion of them were produced in 2000. The Mint shipped more Golden Dollars in the first seven months of the program than it shipped during the 21-year history of the Susan B. Anthony dollar program. Anytime the public wants to order any of our products, or just check out what's happening at the Mint, they just need to visit [www.USMINT.gov](http://www.USMINT.gov).

#### Best-in-Business

The Mint's commitment to eliminating paperwork and serving its customers through electronic government is one that we take very seriously. A January 2001 survey by the Council for Excellence in Government found that 73 percent of adults made e-government a high priority. Accordingly, our Strategic Plan goals are centered on using technology to achieve business results, serve our customers, and enable our employees.

Customer surveys confirmed their satisfaction with the Mint's online efforts. Eighty percent of the nearly 25,000 customers polled in the first half of 2001 rated the overall performance of the Mint's website as "excellent" or "very good." I'm pleased to provide a copy of that report to you today. Thanks to improved telephone technology, our customer service representatives are answering 96 percent of customer calls within 17.5 seconds — up from 20 percent in 1996.

For five straight years, the U.S. Mint has scored at the top of the annual American Customer Satisfaction Index (ACSI), issued by the National Quality Research Center at the University of Michigan School of Business. The latest survey, released in December 2000, placed the Mint among the leaders in both the public and private sectors in providing "world class" customer service with ratings equal to Amazon.com, BMW of North America, Pillsbury, Inc, and Proctor and Gamble Company. In addition, the Mint has been singled out for a number of awards and accolades for its use of information technology:

- Government Executive Magazine selected the Mint's web site as one of the *Best Feds on the Web*. (1999)
- Government Technology Award (1999)
- Hammer Award for the COINS Project (2000)
- CIO Magazine named the U.S. Mint as one of the "CIO 100 Masters of the Customer Connection" in August 2000. (One of only three federal agencies honored.)

#### Other High-Tech Initiatives

The Mint's technological advances extend far beyond the desktop. In 1999, the San Francisco Mint installed robotic equipment that increased the production and packaging of Mint proof and uncirculated coin sets by 350 percent.

1998	435,000 coins per 5-day week – average (23-25 days overtime)
1999	731,000 coins per 5-day week – average (20-23 days overtime)
2000	1,149,000 coins per 5-day week – average (2-3 days overtime)
2001 (to date)	1,494,000 coins per 5-day week – average (no overtime)

This 350 percent increase in production capacity from 1998 to 2001 was accomplished while employee overtime was eliminated as a requirement. In addition, employees who had sat at tables inserting coin after coin into packages day after day have learned new skills, are more motivated, earn more pay, have safer jobs with the elimination of related repetitive-motion injuries, and have higher job satisfaction while operating and maintaining the computer-operated robotics system.

Furthermore, the lost time accident rate at San Francisco is 1.11, down from 4.35 in 1998. Mint employees have done a commendable job achieving our Strategic Plan goal of reducing the frequency and severity of workplace injuries when coin demand and production have been at record levels. This is considerable progress, but we won't be satisfied until there are no lost time accidents at San Francisco and all of our facilities.

We've also implemented other high-tech programs that have reduced the amount of paper generated Mint-wide each day. Employees use E-Forms to request leave, submit travel reimbursements, and requisition supplies and services. In addition, the Mint's use of Documentum enables the agency to create, deliver, publish, and personalize content across all its e-business applications.

#### A Customer-Centric Future

While the U.S. Mint has made great strides over the past decade, we're not satisfied to rest on our laurels. We envision a future that is customer-centric and one where every single function of the Mint is the best in the world.

We've had some challenges to overcome. Most significantly, we've had difficulty recruiting and retaining enough talented people with the necessary high-tech skills we need. To try to level the playing field, we've placed a greater emphasis on our employee training and tuition assistance programs, as well as recruiting and retention bonuses.

We've also driven change throughout our corporate culture as we strive to become the best in business. Old stovepipe chains of command were knocked down and we raised our standard of excellence — requiring employees to upgrade their skills to match the advanced machinery and software we installed Mint-wide. We're continuing our efforts to stay on the cutting edge of technology as well. In December 2000, we implemented COINS 2.0, an upgrade of our entire ERP to further expand our technological and strategic capacity. We've already begun planning the next upgrade, COINS 3.0.

Mr. Chairman, one of the rewards of this massive undertaking has been witnessing the Mint's Chief Information Officer Jackie Fletcher and her team successfully lead and implement the subsequent upgrade effort themselves, and without the need for outside vendor consulting support — a tremendous accomplishment. Another reason the upgrades have gone so smoothly is our core commitment to using commercial-off-the-shelf (COTS) programs and not customizing these applications.

Most importantly, we continue to listen to our customers. No matter how many awards and recognitions we've received, there are still aspects of our website that are not "best in business." Many of our customers are frustrated that they can't independently track their orders once they are shipped, communicate with us through our website via e-mail, or subscribe to specific coin programs.

We've heard them loud and clear. In August, we will complete our third e-tail upgrade since our April 1999 launch in order to provide customer web self-service, outsourced, centralized "pick-and-pack" order fulfillment services, and more.

The United States Mint — literally and figuratively — embraces change. Just a few years ago we received a disclaimer on our financial statements; our few existing computer systems were not integrated nor compatible; we had no Strategic Plan and few performance measures; and we were unable to meet our customers' demand for products or fill their orders in a timely manner. But by employing information technology to drive our business, enabling our employees to reach our customers, and driving cultural change, we have increased capacity by 40 percent in our Circulating business unit [a record 28 billion coins were produced in CY 2000], and 300 percent in our Numismatics business line.

The Mint operates under a Public Enterprise Fund — without a penny of American tax dollars. Our operations are funded from the sale of circulating coins to Federal Reserve Banks and from the sale of numismatic and bullion products to coin collectors and investors worldwide. In FY 2000, a record-breaking \$2.6 billion total bottom-line profit was generated by the U.S. Mint — more than four times the record set several years earlier. This money is deposited into the Treasury General Fund and reduces the debt the government must issue, also saving hundreds of millions of dollars of interest on the debt.

But our work is far from done. We will constantly strive to **exceed** our customers' expectations, to increase our effectiveness and efficiency, to reduce paperwork, and to eliminate **all** work-related injuries. Our ERP, e-retail, and e-business approaches are keys to our future successes. I appreciate this opportunity to share with the Committee how the Mint has transformed itself into to a high-tech leader in the 21st Century.

ADDITIONAL RESOURCES:

- For information about the United States Mint, please visit [/about/about](#).
- To subscribe to United States Mint electronic product notifications, news releases, and public statements, visit <https://catalog.usmint.gov/email-signup>.
- Sign up for [RSS Feeds](#) from the United States Mint and follow us on [Facebook](#), [Twitter](#), and [Pinterest](#).

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*United States Mint – Connecting America through Coins*

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#### Contact

*Press Inquiries: Office of Corporate Communications (202) 354-7222*

*Customer Service Information: (800) USA MINT (872-6468)*

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